



Environmental Services Division
Energy and Waste Management Bureau

For Immediate Release

January 17, 2008

DNR Contact: Jim Bodensteiner (515) 281-8416

Crude Prices Drop Due to U.S. Economic Concerns; Iowa Motor and Heating Fuels Prices Up from December

Concerns that the U.S. economy may slip into recession and news that U.S. crude inventories rose by more than twice the increase forecast by analysts, together pushed crude prices to just below the \$90 mark. The January 17th price of West Texas Cushing Sweet Crude Oil is at \$89.95 per barrel, down six percent from December 2007 but 79 percent higher than the January 2007 price of \$50.12. Crude oil prices are expected to continue their downward trend through 2008 and 2009. According to the Energy Information Administration's (EIA) January 2008 *Short-Term Energy Outlook*, crude oil prices are projected to average about \$87 in 2008 and \$82 in 2009.

"Declining housing starts, tightening credit conditions, and high gasoline prices are slowing U.S. demand for petroleum," said Jim Bodensteiner, an Iowa Department of Natural Resources Program Planner. The United States is the world's largest energy consumer, consuming nearly 25 percent of all oil produced, so a decline in U.S. demand impacts world crude oil prices significantly."

Gasoline prices in Iowa are averaging \$2.97 per gallon of 10 percent ethanol blended mid-grade gasoline so far in January, a five percent increase from December's average price of \$2.82 per gallon and up 39 percent from the January 2007 price of \$2.13 price per gallon of the same blend.

The January 15th average price for diesel in Iowa was \$3.37 per gallon, \$0.03 higher than December's price and up 33 percent from the January 2007 price of \$2.53 price. Nationally, diesel fuel costs \$3.43 per gallon.

On January 15th, natural gas was trading at \$8.14/MMBtu, up \$0.92/MMBtu from last month and \$1.57 higher than one year ago, a 24 percent increase. EIA reports that natural gas in storage was 2,921 bcf as of December 28, 2007, 222 bcf above the 5-year average (2002-2006) and 160 bcf below last year's inventory for the corresponding week.

A survey completed by the Iowa Department of Natural Resources on January 15, 2008, indicated that the average retail price of heating oil in Iowa was \$3.01 per gallon, \$0.01 higher than last month, and \$0.91 higher than the price of heating oil at this time last year, a 43 percent increase. The same survey found that propane is selling in Iowa for an average of \$1.97 per

gallon across the state, \$0.05 higher than a month ago, and \$0.49 higher than the price at this time last year, a 33 percent increase.

Approximately 69 percent of Iowa homes are heated by natural gas, 12 percent by propane, 11 percent by electricity, five percent by heating oil, and three percent by other fuels, e.g., wood.

To limit the impact of high energy prices on their wallets, consumers should make improvements to their homes' and vehicles' energy efficiency. Simply caulking and weather-stripping to eliminate air leaks can save 10 percent on a typical home's energy bill. More tips for saving energy and money at home and on the road are available at www.EnergySavingTips.gov.

10% Ethanol Average Retail Price Per Gallon -- Major Iowa Cities

Self-Serve Ethanol	1/15/08	12/17/07	Difference
Ames	\$2.98	\$2.83	+\$0.15
Cedar Rapids	\$2.99	\$2.75	+\$0.24
Council Bluffs	\$2.87	\$2.80	+\$0.07
Davenport	\$3.04	\$2.76	+\$0.28
Des Moines	\$2.92	\$2.74	+\$0.18
Dubuque	\$2.93	\$2.86	+\$0.07
Fort Dodge	\$2.94	\$2.79	+\$0.15
Iowa City	\$3.00	\$2.88	+\$0.12
Sioux City	\$2.90	\$2.84	+\$0.06
Waterloo	\$3.00	\$2.85	+\$0.15
Webster City	\$3.05	\$2.90	+\$0.15
Average Metro Price	\$2.97	\$2.82	+\$0.15

Source: Oil Price Information Service, www.opisnet.com

Motor Fuels Survey State Average Price Per Gallon

Self-Serve	1/15/08	12/17/07	Difference
Regular Unleaded with 10% Ethanol	\$2.97	\$2.82	+\$0.15
Regular Unleaded	\$3.02	\$2.89	+\$0.13
Premium Unleaded	\$3.12	\$3.08	+\$0.04
Diesel	\$3.37	\$3.34	+\$0.03

Source: Oil Price Information Service, www.opisnet.com

Heating Fuels Survey

Heating Fuel Type	1/15/08	12/17/07	Difference
Natural Gas	8.14/MMBtu	7.22/MMBtu	+\$0.92/MMBtu
Propane	\$1.97	\$1.92	+\$0.05
#2 Heating Oil	\$3.01	\$3.00	+\$0.01

Sources: Wall Street Journal, Iowa Department of Natural Resources